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RUEHVB/AMEMBASSY ZAGREB 2903  
RUFNPKB/COMUSNAVEUR NAPLES IT  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHLMC/MILLENNIUM CHALLENGE CORP  
RHEHNSC/NSC WASHDC  
RUEHBS/USEU BRUSSELS  
RUEHVEN/USMISSION USOSCE 2122  
RUEHPS/USOFFICE PRISTINA 3375  
RHEHAAA/WHITE HOUSE WASHDC

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SIPDIS

SENSITIVE  
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DEPT FOR EUR/SCE (BENEDICT, SAINZ, RIEHL), EB/IFD/ODF  
(LCONNELL)  
DEPT PASS TO USAID (SBRENT)  
DEPT PASS TO USTR (EBRYANT)  
MCC FOR AMBASSADOR DANILOVICH  
TREASURY FOR ATUKORALA AND JFRANCO  
NSC FOR BRAUN

E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [KMCA](#) [OTRA](#) [AL](#)

SUBJECT: ALBANIA AND USAID SIGN MCC THRESHOLD PROGRAM  
AGREEMENT

REF: TIRANA 313

11. (U) SUMMARY: The Millennium Challenge Corporation's CEO Ambassador Danilovich and VP Bent visited Albania on April 3 to participate in a signing ceremony for a USD 13.8 million Threshold Program Agreement and to meet with GoA officials. The program is designed to reduce the opportunities for corruption in the GoA's tax administration, procurement system and business registration procedures. Danilovich and PM Berisha both linked the goals of the program to the GoA's ongoing efforts to combat corruption. End summary.

12. (U) MCC CEO John Danilovich and Vice President Rodney Bent and other MCC staff visited Albania on April 3. They met with PM Berisha, Deputy PM Rusmajli and other GoA officials to express the USG's high interest in the MCC threshold program proposal for Albania. The GoA and MCC co-hosted a highly-publicized signing ceremony for the agreement before government officials, business leaders, civil society leaders and the press corps. Following the ceremony, Rusmajli and Bent gave an interview with Albania's top-rated TV station to explain the program's details.

13. (SBU) The signing of the agreement follows nearly 18 months of GoA, MCC, USAID, and Embassy efforts to craft a realistic, but effective program to fight corruption and improve the business environment. Initiated by the former Socialist Party (SP)-led government, the proposal went through a number of changes -- we believe for the better -- at the initiative of the new Democratic Party (DP)-led government, which took office in September 2005. The approved program features a three-pronged attack on corruption. First, MCC funds will be used to reform tax

administration practices in the Tirana tax office through increased transparency, better access to information on taxpayer rights, increased IT capacity and, most importantly, reduction of the interaction with and discretion of individual tax collectors with taxpayers. Second, the GoA's procurement system will undergo similar measures, with an emphasis on non-discretionary decision-making and highly transparent procedures. The new GoA augmented this part of the proposal by adding the creation of an Ombudsman's office to review disputed decisions. Third, the program provides funding for the establishment of a "One-stop shop" for business registration. This component is designed to remove administrative barriers to business registration and reduce the opportunities for bribe-taking, as well as to reduce the number of days to register a business from 47 to 1.

¶4. (SBU) In a meeting with the PM before the signing ceremony, Danilovich noted that the GoA had a tremendous opportunity open to it if the program produced the indicated measurable results. If successful, then Albania would potentially be eligible for more extensive funding under the broader MCC compact funding scheme. Danilovich stressed that Albania's performance in the program would bring an enormous amount of attention here. He encouraged PM Berisha to make the fight against corruption a national issue, rather than political one.

¶5. (SBU) PM Berisha thanked Danilovich for the assistance and began by noting that his government understood the country's vote in last July's election to be one against crime and corruption. He said that "we won't stop" the effort to make the rule of law prevail and described some of

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his administration's initial efforts to combat crime and corruption and to improve the business environment -- new laws addressing conflict of interest and nepotism, arrests of crime bosses, enforcement of long-unenforced court decisions, reduction of government expenses, more efficient collection of revenues, higher salaries for government employees, and increased spending on education and health care. Berisha said that the threshold program for Albania focused on "three fundamental pillars" of corruption and would incidentally help Albania meet NATO and EU entry requirements. Berisha expressed concerns over the existence of "state capture" of certain institutions by corrupt forces, but said he was determined to "follow legal avenues to solve that problem."

¶6. (SBU) In a statement before the press during the signing ceremony, Berisha said that "corruption was a real cancer, an emergency which must be fought." He expressed hope that Albania would ultimately qualify for MCC compact funding and added that "President Bush was right to make corruption a non-negotiable indicator."

¶7. (U) USAID will now conduct procurement procedures to award a contract for implementation of the agreement. The selected contractor will monitor GoA performance under the two-year program. Work under the program work will begin this summer.

¶8. (U) This cable has been cleared by MCC.  
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